

# A Homeowner's Guide to Property Taxes



Washington State Department of Revenue  
*Serving the People of Washington*

**F**rom the time of statehood until the 1930's, property tax was the only major tax supporting most state and local government programs. Today, property tax accounts for about 30 percent of total state and local taxes. It continues to be the most important revenue source for public schools, fire protection, library, park and recreation, and other special purpose districts.

This fact sheet provides a basic description of Washington's property tax structure. While it is up-to-date at the time of publication, changes in the law may supersede or invalidate some of this information. This fact sheet does not deal with all aspects of property tax, particularly those that are complex or out of the ordinary. Please ask for assistance whenever you have questions or need more detailed information.



## PROPERTY VALUES

**S**tate law requires assessors to appraise property at **100 percent of its true and fair market value in money**, according to the highest and best use of the property. All real and personal property is subject to tax unless specifically exempted by law.

## Real Property

Real property is land and any improvements, such as buildings, attached to the land.

The assessor values real property using one or more of three professional appraisal methods:

**MARKET VALUE or APPRAISED VALUE is the amount of money that a willing and unobligated buyer is willing to pay a willing and unobligated seller.**

- ☐ Market or sales comparison method uses sales to provide estimates of value for similar properties.
- ☐ Cost approach method considers what it would cost to replace an existing structure with a similar one that serves the same purpose. The cost method is also used in valuing new construction.
- ☐ Income method is used primarily to value business property when the property tends to be worth its income-producing potential.

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Most residential property is valued by using the market or sales comparison method.

An individual sale does not automatically establish the value of a property. The assessor uses multiple sales to establish market value.

### Personal Property

The primary characteristic of personal property is mobility. It includes machinery, equipment, supplies and furniture. Personal property tax applies to personal property used when conducting business or to other personal property not exempt by law.

Everyone who uses personal property in a business or has taxable personal property must complete a personal property affidavit by April 30 each year. The affidavit must list the taxable property by category, as well as its cost and acquisition date. The assessor uses the affidavit to value personal property for taxes due the following year. Personal property tax rates are the same as for real property.



### PROPERTY VALUE CHANGES

**A**ssessors must revalue real property at least once every four years. In some counties, the assessor revalues property each year using current value trends. Property that is revalued annually is physically inspected at least once every six years.

After determining the value, the assessor mails property owners a “Change of Value Notice.” The notice states both the new and the old appraised values. By comparing the two values, property owners can tell whether their property has increased or decreased in appraised value. The notice also breaks down the appraised value between land and improvements. The assessed value of property may be less than the appraised value if you are receiving any type of exemption or reduction.

Valuation notices are NOT tax bills! An increase in value does not mean that next year’s property taxes will increase at a proportionate rate.



### APPEAL OF APPRAISED VALUE

**Y**ou may contact the assessor’s office to review your valuation any time you have a question about your property value. Property owners can often settle disagreements at this level without filing a formal appeal. If you are not satisfied, you may file a written appeal with the County Board of Equalization in the county where the property is located.

The completed petition must be filed by July 1 of the assessment year or within 30 days of the date the change of value notice was mailed, whichever date is later. Some counties have extended the filing deadline to 60 days. Please check with the Board of Equalization in the county where the property is located to determine your filing deadline. Appeal forms are available from the clerk of the Board or the assessor’s office.

The County Board is appointed to determine questions of value. It does not consider taxes.

### Information Needed to Appeal

To appeal a valuation to the County Board of Equalization, you must show that the assessor has erred in the appraisal.

You must clearly show that the appraised value does not reflect market value. The evidence should consist of sales of comparable properties in your area or information on conditions of the property not known to the assessor.

**You must provide convincing evidence that the APPRAISED VALUE does not represent MARKET VALUE.**

You must supply adequate documentation to support your claim if your appeal is based on conditions of which the appraisers were not aware. For example, the land is not suitable for a septic system (does not “perk”) or is not suitable for building. You may also request copies of the comparable sales information the assessor used to value your property. You do not have to be represented by an attorney to appeal your property valuation.

You may appeal the County Board’s decision to the State Board of Tax Appeals. Like the County Board, the State Board only considers questions of value. Property owners can also pursue litigation in court.

Questions about appeal procedures can be directed to the County Board of Equalization or the assessor’s office. Telephone numbers are located in the county government section of the phone directory.



## PROPERTY TAX RATES DIFFER

**T**he amount of property tax due on comparable properties may be different throughout a county. Such differences are due to three factors:

1. The various combinations of taxing districts in different areas of the county.
2. The amount of the budget for each taxing district.
3. The presence of voter-approved special levies and bonds.



## PROPERTY TAX LIMITATIONS

**T**here are two restrictions or limits that affect how high property tax rates can go — the one percent constitutional limit and the levy limit.

The assessor uses the taxing district budget request, the total assessed value of the taxing district, and the limitations to set the levy rate. Rates are expressed in dollars per every thousand dollars of assessed value.

### The One Percent Constitutional Limit

Washington’s State Constitution limits the regular (non-voted) combined property tax rate applied to an individual’s property to one percent (\$10 per \$1,000) of market valuation. Voters may vote for special levies that are added to this figure. Special levies for schools are a common example.

### The Levy Limit

The Levy Limit applies to a taxing district’s budget and not to increases in the assessed value or tax bill of individual properties. Since 1985, taxing districts whose population is below 10,000 may collect a six percent increase in their regular, non-voted, levy over the highest lawful levy amount. The governing board of the district must pass a resolution authorizing this increase. Taxing districts whose population is over 10,000 are limited to an increase in their highest lawful levy since 1985, to the inflation rate, with passage of a resolution. To increase above this amount, up to six percent, the district must pass a second resolution showing substantial need for additional funds.

New construction, annexations, and excess levies approved by the voters are not included in the levy limit. Therefore, a taxing district’s actual revenue increase may be greater than six percent.

## HOW TO PAY YOUR PROPERTY TAXES

**T**he county treasurer mails property tax statements each year in February. The first half of the taxes may be paid by April 30, and the balance by October 31, without penalties for late payment.

Many tax statements are sent to lending companies that require homeowners to maintain a property tax reserve account. If you do not receive your property tax statement or you know that your bank pays your taxes and you want to know the amount of your tax, contact the county treasurer's office.

You may pay your property tax to the county treasurer in person or by mail. If you mail a check, be sure to include the tax parcel or account number on the check and include the tax statement's payment stub.

## CALCULATING YOUR TAXES

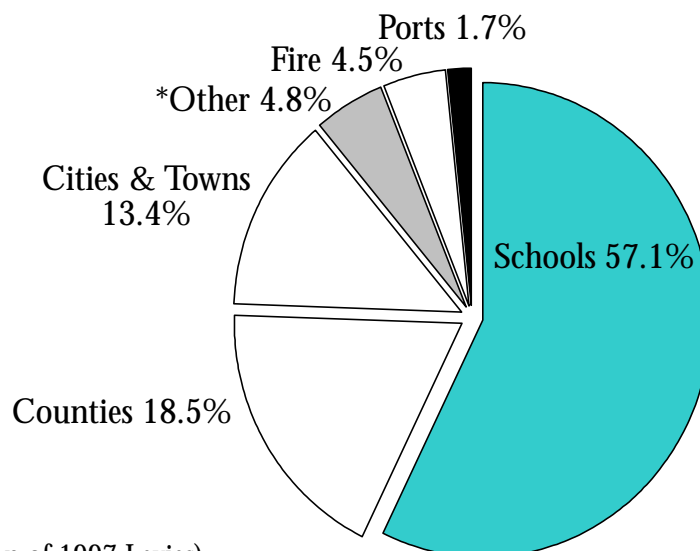
**Y**ou can estimate what your property taxes will be if you know the "assessed value" of your property and the tax levy rate. For example, if the assessed value of your property is \$100,000 and the levy rate is \$15 per thousand dollars of value:

$$\begin{array}{r}
 \$100,000 \\
 \times .015 \text{ (\$15 per 1000)} \\
 \hline
 = \$1,500 \text{ estimated tax}
 \end{array}$$

VALUE
<u>X LEVY RATE</u>
TAXES

## WHERE YOUR PROPERTY TAX MONEY GOES

\*Other includes regional library, parks and recreation, emergency medical, and hospital districts.



(Distribution of 1997 Levies)



## REDUCTIONS, EXEMPTIONS, AND DEFERRALS

**I**f your property is damaged or destroyed, you may be eligible for reduced assessed value for taxes payable in the following year. Application forms are available from the assessor's office.

**I**f you have agricultural, open space, or timber lands, you may apply to classify your land under the Current Use/Open Space program. A current use assessment generally means a reduced assessed value for the duration of the classification. There may be additional tax, penalties, and interest charges for removal from this classification. Contact the assessor's office for information and application forms. The application must be made by December 31 for classification in the following year.

**I**f you improve your single family residence by remodeling, adding new rooms, decks, patios, or other improvements attached to and compatible with single family dwellings, you may apply for a three-year exemption from taxes on the value of the physical improvement. Physical improvements do not include normal maintenance items. An application for the exemption must be filed with the assessor prior to completion of the project.

**I**f you are a senior citizen or disabled person, you may qualify for property tax relief.

### Property Tax Exemption Program

To be eligible for the Property Tax Exemption program, you must:

- ☐ Be age 61 or older on December 31 of the year the claim is filed, or
- Be retired from regular gainful employment because of a physical disability.

- ☐ Be the owner and occupant of a single family dwelling, mobile home, or one unit in multi-unit or cooperative housing.
- ☐ Have combined disposable income of \$30,000 or less for the year the application is filed (including income of spouse and/or cotenant).
- ☐ File a claim with the county assessor between January 2 and December 31.

Your household income determines the amount of exemption from regular property taxes or excess levies.

For those senior citizens and disabled persons who qualify for this property tax exemption program, there are two benefits:

1. The value of your residence is frozen as of January 1, 1995, or January 1 of the initial year of application, whichever is later.
2. The property taxes are reduced; the residence is exempt from all excess levies and may be exempt from a portion of the regular levies, depending on income.



### Property Tax Deferral Program

If you are a senior citizen at least 60 years of age, or a person retired because of physical disabilities whose income is below \$34,000, you may defer property taxes and special assessments in a total amount up to 80 percent of the equity in your home. Unlike the senior citizens and disabled persons exemption program, deferred taxes are a lien on the property. This lien becomes payable, together with interest, upon sale, transfer, or inheritance of the property.



## OTHER EXEMPTIONS

**Y**our family automobile, household goods, personal effects, and home furnishings are not subject to property tax. However, personal property tax may be due if these items are used in a business.

Churches, government units, and many nonprofit agencies do not pay property tax when the property is used for a tax exempt purpose. The Department of Revenue determines which properties are entitled to the exemption based on laws enacted by the Legislature.



## IMPORTANT DATES TO REMEMBER

Jan. 1	Date real and personal property is subject to taxation and valuation.
Feb. 15	County treasurer mails tax bill on or after this date (based on previous year's assessed value).
Apr. 30	First half of taxes due.  Personal Property affidavits due.
July 1	Deadline for appeals to the County Board of Equalization on current year's assessment; or 30 days from date of mailing, whichever date is later.
Aug. 31	New construction placed on current assessment roll.
Oct. 31	Second half property taxes due.
Dec. 31	Deadline for applications for Open Space classification.  Deadline for senior citizen and disabled persons property tax exemption claims filed with assessor.

## Need more information?

To assist you, the following Information on Washington's Tax Structure fact sheets are available from your county assessor's office and the Department of Revenue:

- ☐ Personal Property Tax
- ☐ Nonprofit Organizations
- ☐ Property Tax Deferrals for Senior Citizens and Disabled Persons
- ☐ Property Tax Exemptions for Senior Citizens, and Disabled Persons

Generally, questions about assessed values, appeals, personal property or relief programs should be directed to your county assessor's office. Questions about tax statements or tax payments should be directed to your county treasurer's office. Telephone numbers are located in the county government section (blue pages) of the telephone directory.

*To inquire about the availability of this document in an alternate format for the visually impaired or language other than English, please call (360) 753-3217. Teletype (TTY) users please call 1-800-451-7985.*



<http://www.wa.gov/dor/wador.htm>

